

AR15

48th ANNUAL REPORT 1967

*File*

**Witco  
Chemical**





## Financial Highlights

Years Ended December 31, 1967 and 1966

	1967	1966
Net sales .....	\$200,341,000	\$195,898,000
Net income before Federal and foreign income taxes ....	16,789,000	17,699,000
Federal and foreign income taxes .....	7,269,000	8,422,000
Net income .....	9,520,000	9,277,000
Per share applicable to common stock (a) .....	\$2.89	\$2.82
Dividends per share:		
Common stock .....	\$1.20	\$1.15
Preferred stock (b) .....	\$2.65	\$2.06
Property, plant and equipment expenditures .....	10,014,000	16,371,000
Depreciation, depletion and amortization .....	6,545,000	5,988,000
Average number of common shares outstanding during period .....	2,981,775	2,956,378
Number of shareholders at year end .....	6,350	5,990
(a) Based on the average number of shares outstanding during the year. (b) Preferred stock issued March 21, 1966. (c) Pro forma net income per share applicable to Common Stock reflecting conversion of Preferred Stock .....	\$2.69	\$2.62

*COVER: One of Witco's major facilities is this plant for the manufacture of key intermediates for detergents.*

# Witco Chemical

## A New Corporate Symbol

This distinctive new type face, the major feature in Witco's new corporate identification program, appears on the cover of this report for the first time. Designed to strengthen Witco's image and to facilitate Company recognition, the new logotype will be used on corporate advertising, literature, stationery, distribution equipment and plant signs.

The new design makes its debut simultaneously with the launching of Witco's new corporate advertising campaign which will appear in leading business publications during 1968. This is part of the augmented information program designed to create a strong, integrated impression of the Company, its divisions, plants, laboratories and products.

The new corporate program places emphasis where it belongs — first and foremost on "Witco." It adds a new and vital identity for the Company and its many products through the use of this unvarying visual statement — one that will benefit all those concerned with our continued growth and progress.

## Notice of Annual Meeting

The annual meeting of shareholders will be held Wednesday, April 24, 1968, 2 P.M., E.S.T., at the Chase Manhattan Bank, 1 Chase Manhattan Plaza, New York, New York. The notice of meeting and proxy material will be mailed on or about March 22, 1967. Shareholders unable to attend this meeting are asked to sign and return their proxies promptly.

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## TO THE SHAREHOLDERS:

We are pleased to report that Witco's sales and net income reached record highs in 1967, marking the sixth consecutive year that both dollar volume and profits have continued their upward trend. Cash dividends paid on common stock also increased for the eleventh consecutive year.

Your Company's net sales increased 2.3 per cent to \$200 million and net income rose 2.6 per cent to \$9.5 million. In the prior record year of 1966, net sales amounted to \$196 million and net income totaled \$9.3 million.

On a per common share basis, 1967 results were equal to \$2.89, as compared with \$2.82 in 1966 — in each case after provision for preferred dividends.

In 1967 Witco paid dividends of \$1.20 on the common stock, up from the \$1.10 paid in 1966. Dividends on the preferred stock were paid at the rate of \$2.65 annually, the same rate as in the previous year.

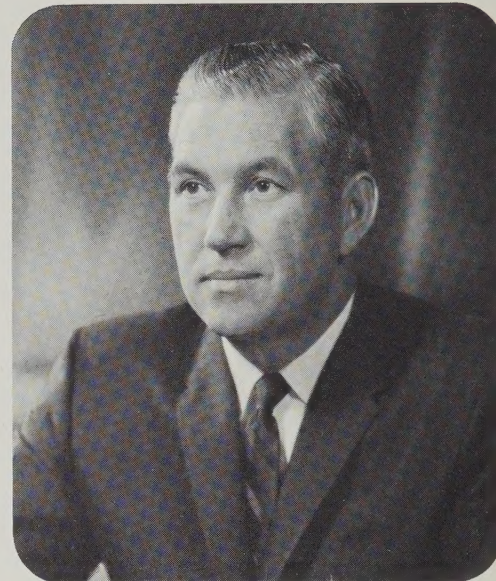
The gains were made in the face of a number of adverse factors, including a general decline in chemical industry profits, a softening of some chemical prices and devaluation of foreign currency.

The profit picture was also affected by labor difficulties in the rubber industry — a major customer — and four work stoppages at Witco plants. Witco's labor problems were rather unusual in view of the excellent labor relations we have enjoyed in the past. With new contracts negotiated for two or three years, both at our own plants and in the rubber industry, we look forward to greater labor stability during the next several years.

Capital expenditures during 1967 totaled \$10 million, primarily for expansion, modernization and improvement of existing manufacturing facilities. We continued to expand our programs for research and development. Construction of an epoxy plasticizer plant was completed at a new location in Louisiana in 1967. In 1966, expansion and plant modernization expenditures totaled \$9.5 million; while an additional \$6.9 million was applicable to fixed assets of companies purchased.



William Wishnick  
Chairman of the Board



Max A. Minnig  
President and Chief Executive Officer

We devoted considerable effort toward consolidating and integrating our two major 1966 acquisitions, Argus Chemical Corporation and Kendall Refining Company, into our corporate structure. Witco now operates 27 wholly owned plants, 21 in the United States and 6 in other countries. In addition, we own interests in 19 other manufacturing facilities of which 5 are in this country and 14 abroad. European operations have been centralized at our new international headquarters in Brussels, Belgium.

Management believes the year's improved results reflect the soundness of expansion through our prior acquisitions and internal growth, through diversification, through concentration on profitable specialty chemical and petroleum products, and through our aggressive, technically-oriented marketing programs. We are continuing an active search for desirable acquisitions.

Among the new products introduced in 1967 were specialty lubricating oils, improved activated carbons, chemical catalysts, urethane elastomers, phosphate esters, plasticizers and specialty polymers.

Our total shareholders in 1967 increased to 6,350, a gain over the 5,990 share-

holders at the end of last year. The number of Witco employees increased to 3,820 from the 3,770 at the end of 1966.

At the annual meeting on April 24, 1968 shareholders will be asked to approve a change of the Company's name to Witco Chemical Corporation for purposes of simplification.

Based on the general economic outlook and projections for the chemical industry and for the basic industries we serve, Witco looks forward to improved results in the years ahead. Our confidence in the future is based also on the excellent performance by our people during the past difficult year, and we wish to express our thanks to them, to our directors and shareholders for their continued support of our company.

A handwritten signature in dark ink, appearing to read "W. Wishnick".

William Wishnick  
Chairman of the Board

A handwritten signature in dark ink, appearing to read "Max A. Minnig".

Max A. Minnig  
President and Chief  
Executive Officer

March 22, 1968



## REVIEW OF OPERATIONS

### Witco in 1967

In 1967 Witco continued to broaden its lines of several thousands of specialty chemical and petroleum products — ranging from activated carbon through zinc tellurate — marketed to some 15,000 industrial customers. This involved a high degree of sophistication in product research and development, in manufacturing, and in technically oriented marketing to meet customers' exacting needs and specifications.

Witco devoted its efforts to consolidating and integrating the Argus and Kendall companies acquired in 1966 into the corporate structure. We also modernized and expanded a number of production and research facilities for more efficient and more profitable operations. Thus, the Company enters 1968 in a stronger, better-balanced position to increase sales of profitable products to customers in expanding industries.

This review touches upon 1967 highlights in the context of Witco's principal product lines and the major industries the Company serves.

### Witco's Product Lines and Divisions

The principal classifications of specialty chemical and petroleum products that Witco manufactures and markets are: organic chemicals, which include chemicals for the plastics industry; finished detergents and detergent chemicals; rubber chemicals; petroleum products and specialties; asphalt and tar products; and miscellaneous other specialties.

**Organic chemicals** include chemicals for urethanes, emulsifiers, metallic stearates, driers, phthalic anhydride, stabilizers and plasticizers for plastics, organic peroxides and polymer catalysts. These are made and sold by the Argus and Organics Divisions.

**Basic detergent chemicals and finished detergents** for household and industrial use are manufactured by the Ultra and Witfield Divisions, and are sold to major detergent companies and to national supermarket chains.

**Rubber chemicals** include such widely used materials as carbon black, waxes,

plasticizers, accelerators and processing oils. These impart reinforcing and safety qualities, increase resistance to abrasion, lengthen wear and add other desirable properties to rubber used in automotive tires and many other rubber products. The carbon black, sold by Witco on a world-wide basis, is manufactured by a twenty per cent owned associated company.

**Petroleum products and specialties** are made and distributed by the Sonneborn, Kendall and Golden Bear Divisions. These include: Pennsylvania premium grade motor oils and lubricants widely distributed for consumer sale under the Kendall® and Amalie® brand names; private label motor oils and lubricants by the Golden Bear Division; and petroleum sulfonates, waxes, white oils, petrolatums, activated carbon and solvents.

**Asphalt and tar products** are produced by the Pioneer and Golden Bear Divisions and include such products as electrode pitch, roofing compounds, fuel oil and additives, creosote oils and other specialty products sold under Witco registered trade names—for such uses as paving, roofing, rubber compounding, insulation and waterproofing protective coatings.

**Foreign operations** are conducted through both wholly owned subsidiaries and affiliated companies. Witco manufactures and markets abroad many of the same products which it produces and distributes domestically, such as: stearates, finished detergents and detergent chemicals, adhesives, plasticizers, stabilizers and chemicals for urethanes.



## Construction and Modernization

In 1967 Witco completed one new plant at Taft, Louisiana and purchased a 400 acre site at Marshall, Texas for the construction of an organic peroxides plant. Capital expenditures were also made to increase capacity and improve and modernize production and research facilities to position the Company to move ahead profitably in 1968. These plant expansions and modernizations are some of the major items included in Witco's \$10 million 1967 capital expenditure program.

### New Plastics Additive Plant

A new epoxy plasticizer plant in Louisiana with a 25 million pound-per-year capacity was completed and brought on stream in the fourth quarter of the year. There is room for further expansion at this 54 acre site.

### Detergent Capacity To Double

A major plant expansion program designed to double the production and packaging capabilities for Witco's detergent plants at both Chicago, Illinois and Paterson, New Jersey was begun in 1967 and is due to be completed in the second quarter of 1968. A new large-scale detergent intermediate plant for processing of new raw materials is also under construction at Paterson.

### Organics Plastics Laboratory Completed and Plant Capacities Increased

The expanded plastics applications laboratory at Chicago for testing and developing new urethane chemicals was completed for the Organics Division. This major addition to Witco's research facilities has already produced new products which are in various stages of development and marketing. Witco's customers in the plastics industry are expressing keen interest in these new products.

Expenditures during the year will increase plant capacities of the Organics Division for the production of polyester resins by twenty-five per cent and of Sunolite® waxes by fifty per cent.

### Lube Oil Marketing Expansion

Through the cash purchase of facilities at Richmond, California the Company expanded its canning, packaging and warehousing capabilities for lubricating

oils in the San Francisco Bay area. This provides broadened services to customers in northern California and the Pacific Northwest, and augments similar facilities located in Los Angeles. On the West Coast, Witco increased its crude oil production in 1967 by using steam-injection methods.

### New Pennsylvania Oil Reserves

Additional leases for Pennsylvania-grade crude oil reserves were acquired in western Pennsylvania. Witco also achieved certain manufacturing economies in petroleum operations in 1967 through the more efficient utilization and movement of materials.

### Peroxide Plant Announced

Plans have been announced to increase the production of organic peroxides at a new plant to be built on part of the 400 acre tract near Marshall, Texas, which the Company acquired in 1967. Construction is slated to begin in April 1968, and completion is expected by the end of the year. This new unit is the first stage of a long range building program at Marshall.

### White Oil Production Increased

A substantial expansion of facilities for the production of white oils was completed at the Gretna, Louisiana plant to broaden service to domestic and export markets.

### International Expansions

Overseas, a new stearates plant was completed in Belgium. Canadian facilities were improved by the addition of a continuous high speed packaging line for liquid detergents. Dry detergent blending facilities in Canada provide for production of a new variety of consumer products, and additional warehouse and distribution facilities increase overall efficiency to serve customer requirements better.

In Spain, a new plasticizer manufacturing facility was brought on stream by a Witco affiliate. Another affiliated company completed a new carbon black plant in Australia and has a second facility under construction in Spain.

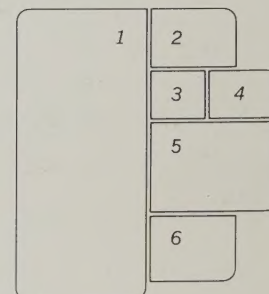
### Action Taken on Pollution

The Company's policy is to cooperate with government regulatory bodies in the air and water pollution control field.

Management has been keenly aware of the need for coping with the increasingly urgent problems of air and water pollution control, and the Company has participated actively in industry organizations seeking practical solutions. In recent years, Witco's engineering staff designed and installed several major new air and water purification systems at various manufacturing locations. The matter of pollution control will continue to receive increasing attention, and studies are presently under way at a number of plant locations.

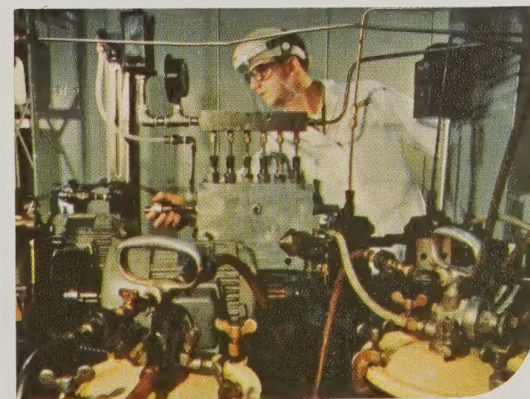
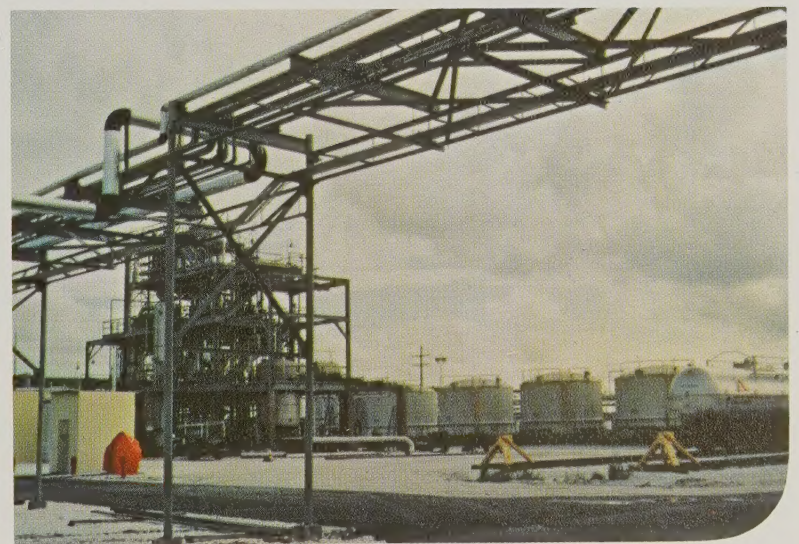
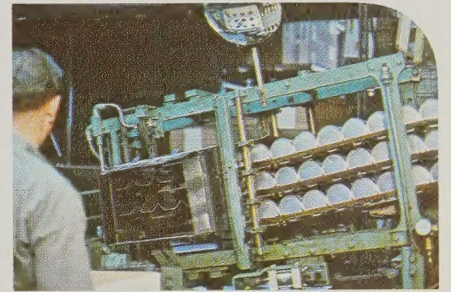
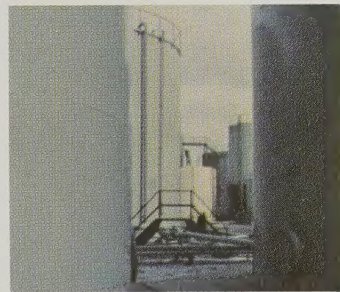
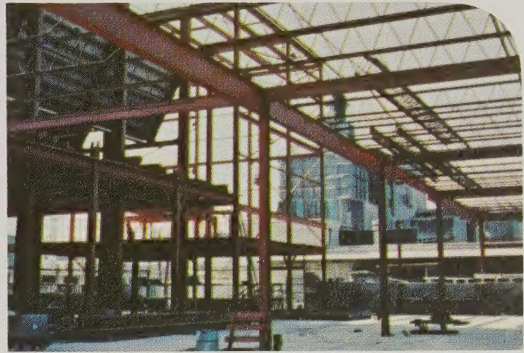
### Corporate Executive Changes

Executive advancements during 1967 included: J. Lawson Kennedy to Corporate Vice President and General Manager, Sonneborn Division; and George W. MacFarlane to Corporate Vice President of Labor Relations. Retirements included: Rudolph Cubicciotti, Vice President and General Manager of the Sonneborn Division; and Jacob M. Feldman Senior Vice President. We are pleased to record our appreciation for their many years of loyal and devoted service and are happy that Mr. Feldman will continue in his capacity as a Director.

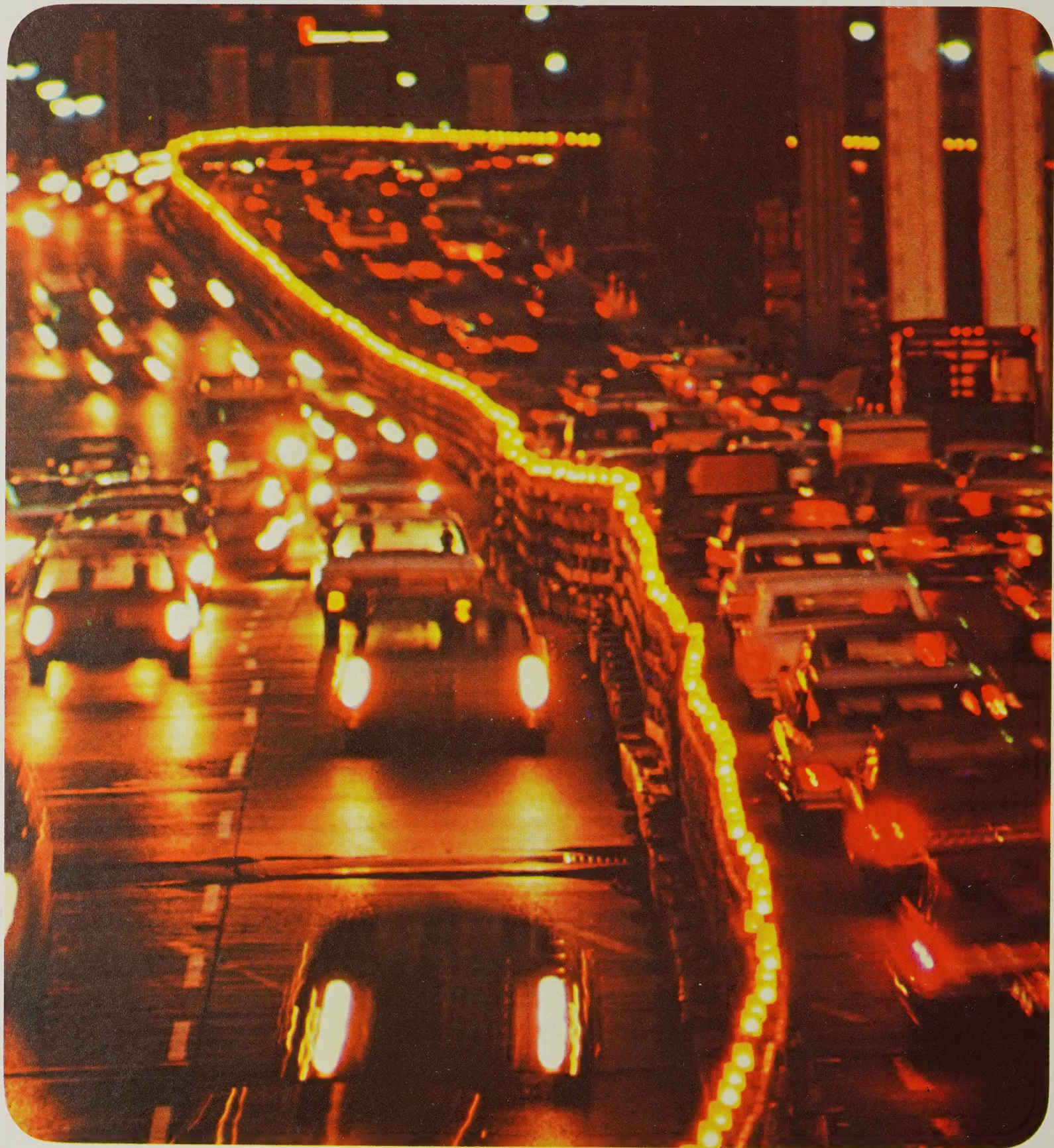


Major plant expansions in 1967 included: Taft, Louisiana (1) and (5); Paterson, New Jersey (2); Gretna, Louisiana (3); and Chicago, Illinois (6). Purchased lube oil canning plant at Richmond, California (4).











## 1967 Sales and Markets

*Long Island Expressway at night—one of the world's most heavily traveled highways—symbolizes the continually growing demand for automobiles. Witco is a leading producer and marketer of specialty chemical and petroleum products for the automotive, rubber and related industries.*

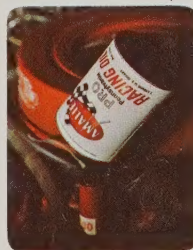
In 1967 Witco's sales reached \$200 million for the first time since the Company was founded 48 years ago. This sales record was achieved in the face of general softness of prices in the chemical industry and the adverse consequences of labor disputes. It attests to the soundness of the Company's long-range policy of diversification which has afforded a broadened base for sales growth.

Witco's thousands of chemical products are marketed to practically every industry. The information that follows and the growth potential for Witco products is presented for several of the important industries the Company serves.



### **Products For the Automotive, Rubber and Related Industries**

Witco's principal contributions to products used in the automotive, rubber and related industries include: carbon black, sun-resistant waxes, stearates, plasticizers, accelerators, processing oils and a host of others. These products impart reinforcing and safety qualities, increase resistance to abrasion, lengthen wear and add desirable properties to rubber used for tires and other rubber products. Witco products are also used by the makers of vinyl for automobile seats; plastics for interiors, panels, grills and padded sun visors; for engine gaskets and for many other automobile parts. In addition, Witco makes and sells Kendall® and Amalie® Pennsylvania - grade motor oils and lubricants, undercoatings, oil additives and related specialty products, including hundreds of special purpose lubricants.



Sales in these areas for 1967 were generally satisfactory with the notable exception of carbon black, which suffered from the prolonged strike in the rubber industry.

The 1968 cars, and those yet to come, with higher compression ratios and

longer times between oil changes, make new demands on motor oils. Witco is providing new oils and lubricants to meet these more demanding specifications. The Company is also providing other manufacturers with improved high alkalinity sulfonates which are petroleum-derived additive components used to give motor oils longer life and counteract the effects of corrosive acids in auto engines. In 1967 the Company introduced Kendall® Dexron, a new automatic transmission fluid, as well as new specialty oils for use in two-cycle engines such as those in motorcycles, snowmobiles and certain marine engines.

The product and plant improvements which Witco's various divisions have made, the further integration of operations that took place last year, and our aggressive marketing programs should contribute to making 1968 a good year for the products we sell for ultimate use by millions of motorists here and abroad.

Industry sources predict an increase in car sales from between eight and nine million cars currently, to approximately eleven to twelve million units by 1972. The tire and rubber industry is expected to grow at a five to six per cent rate per year. Witco is gearing its long-range planning to industry expectations.







*Witco's packaged detergents find a multitude of uses in the home. They are sold under private label brand names.*



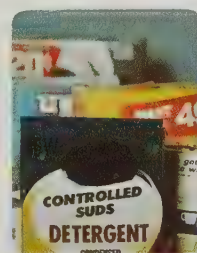
### **Detergents and Detergent Chemicals Industry**

Witco's sales of finished detergents and detergent chemicals made a good showing in 1967 despite the adverse effects of certain labor problems. The Ultra Division is in a good position to handle higher volume in the year ahead.

Witco products are a major factor in the growing field of finished detergents and detergent chemicals. The Company supplies chemicals to many of the nation's leading detergent manufacturers, and is also a major manufacturer of finished detergents and household cleaning products for consumer use. It is anticipated, based on development programs of the supermarket chains, that the private-label detergent business will experience substantial increases within the next several years.

Witco makes a significant contribution in manufacturing and marketing sulfonated and sulfated components to the detergent industry. Sulfonating and sulfation versatility is being expanded, and product lines broadened to include new surface active agents, phosphate esters and other more sophisticated detergent chemicals.

Witco expects to continue its accelerated growth in this industry.

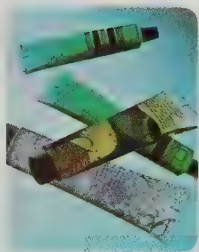








*Witco supplies chemical "building blocks" to the fast growing plastics industry. Plastics chemicals help the manufacturer meet the growing demand for products with better durability, greater resistance to heat and wear, more pliability and a host of other specialized characteristics.*



### **Chemicals for the Plastics Industry**

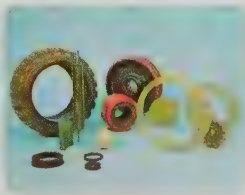
Witco, as a principal supplier of chemicals for the plastics industry, enjoyed generally good sales in specialty chemicals for this in-

dustry during the past year.

Products for the plastics industry include plasticizers, stabilizers and other specialty chemicals that extend the wearing and keeping qualities of various types of plastics used for wrappings, containers, toys, appliances, building materials and a myriad of other products. Specialty plastics chemicals are under constant development and testing to help expand their uses.

A bright future for the plastics industry is indicated as usage expands and as the industry develops new products suitable for new applications; for example, in the food field as a potential replacement for glass, paper and metal containers. As Witco expands its capabilities in providing chemicals to meet the expanding needs of a growing plastics industry and, as Witco research and development scientists are able to devise new products to meet new specifications, the volume of Witco's sales to the plastics industry are expected to rise.

The market for the types of plastics for which Witco makes materials is estimated to grow at a rate of eleven to twelve per cent per year over the next decade.









*Witco makes many of the basic chemical ingredients for the cosmetics women use every day to enhance their appearance. They are essential ingredients in face and hand creams, lipsticks, eye makeup and hair preparations.*



### **Chemicals For Cosmetics and Pharmaceuticals**

Witco enjoyed satisfactory sales during 1967 for products such as petrolatums, white oils, emulsifiers, surfactants, stearates and waxes. These materials are basic ingredients for many of the most widely used beauty, personal care and drug products.

The Company, an important supplier to this industry, is the world's leading producer of white oils, and offers the widest range of stearates to suit cosmetic manufacturers' exacting specifications.

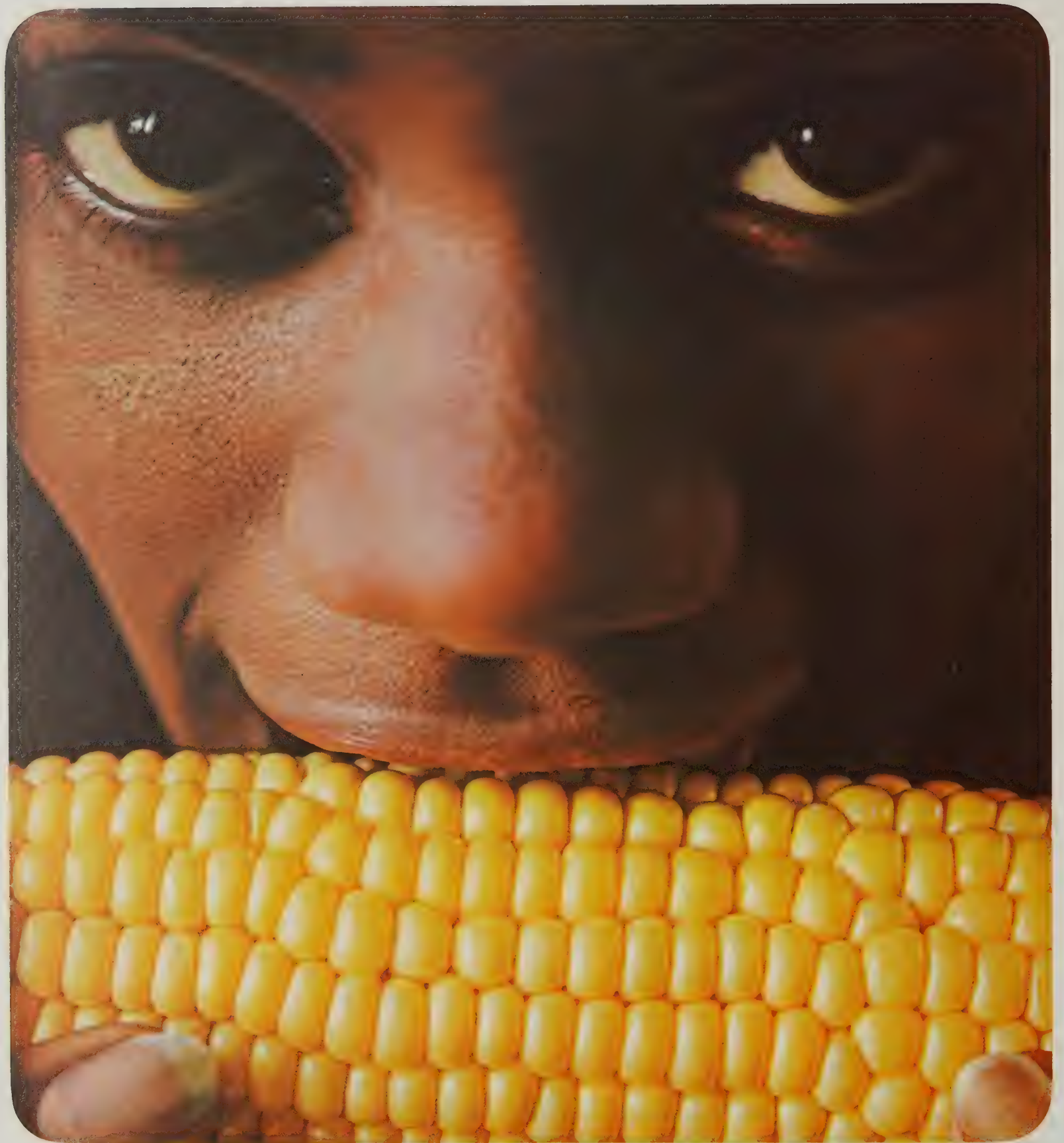
Leading manufacturers of such widely used products as lipstick, face and hand creams, lotions, powders, deodorants, hair preparations and bubble baths have come to rely on Witco as a prime source for component materials.

The cosmetics-toiletries industry is continuing the high rate of growth it has experienced in recent years. In the five-year period 1962-1966, for example, U.S. sales of cosmetics and related products increased by more than sixty-five per cent to approximately \$3.5 billion. This total is expected to double by 1973.

Many Witco products are also widely used by the pharmaceutical industry in the formulation of large numbers of medicines and drugs.









*Witco chemicals are used in agricultural insecticide sprays, fungicides and herbicides, which aid in growing more food and fibres to meet the needs of the world's expanding population.*



### **Chemicals for Agriculture, Paint and Other Industries**

Witco's 1967 sales of emulsifiers and related products were generally good. These specialty chemicals are used in all types of agricultural insecticide sprays. They make important contributions towards providing more food for the world's growing population. Without the proper emulsifier to hold the particles of a spray material in suspension so it can be distributed effectively, the never-ending battle against the insects that threaten the world's food supply would rapidly deteriorate.

Emulsifiers are also used in fungicides and weed killers. In addition, they are finding wide usage in the manufacture of aerosol sprays of all types, an expanding field as more manufacturers package their products in spray cans to provide a more convenient method of application.

Witco is also an important producer of basic chemicals for the paint industry. Its principal products in this field include phthalic anhydride which is used in alkyd resin paints; metallic stearates which are used in paints as flattening and pigment suspending agents; surfactants which modify the physical characteristics between adjoining surfaces of different liquids and gases; paint driers; and Keycides® which are mildew and fungicide preventatives. New chemical catalysts were introduced during the year to meet the paint industry's changing requirements.

The markets of the agricultural, paint and other industries served by Witco have good future growth potentials.





## FINANCIAL REVIEW

### Witco Chemical Company, Inc. and Subsidiary Companies

#### Net Sales

Consolidated sales for 1967 reached a record \$200,341,000, an increase of 2.3% over the previous high of \$195,898,000 reached in 1966.

#### Net Income

Consolidated net income of \$9,520,000, established a new high, exceeding the 1966 record of \$9,277,000, an increase of 2.6%. Net income per common share was \$2.89 in 1967 compared with the \$2.82 earned in 1966. Net income per common share is after recognition of the dividend requirements of the preferred stock amounting to \$898,000 in 1967 and \$937,000 in 1966. Per share amounts are based on the average number of common shares outstanding in each year.

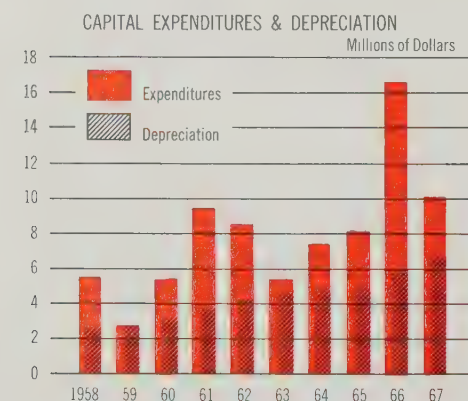
The pro forma net income per common share of \$2.69 in 1967 and \$2.62 in 1966, assumes that all of the preferred shares had been converted to common shares, eliminating the preferred dividend requirements.

#### Dividends

Dividends declared during the year totaled \$4,478,000 as compared with \$4,281,000 in 1966, including dividends on the preferred stock. Dividends declared per common share totaled \$1.20 in 1967 as compared with \$1.15 in 1966. Dividends declared per preferred share totaled \$2.65 in 1967 as compared with \$2.06 in 1966.

#### Working Capital

Working capital at December 31, 1967 totaled \$30,603,000, a decrease from the 1966 year end amount of \$30,900,000. The ratio of current assets to current liabilities was 2.02 to 1 at December 31, 1967, compared with 1.95 to 1 at the end of the prior year.



#### Comparative Source and Application of Funds

##### Source of Funds

	1967	1966
Net income	\$ 9,520,000	\$ 9,277,000
Depreciation, depletion and amortization	6,545,000	5,988,000
Decrease in working capital	297,000	8,611,000
Reduction of investments in associated and other companies	—	3,145,000
Other—net	817,000	708,000
	<u>\$17,179,000</u>	<u>\$27,729,000</u>

##### Application of Funds

Expenditures for property, plant and equipment (including in 1966 \$6,887,000 applicable to companies purchased)	\$10,014,000	\$16,371,000
Other non-current assets, less applicable long-term debt and deferred credits, of companies purchased during 1966	—	4,785,000
Dividends to shareholders	4,478,000	4,281,000
Purchase of treasury stock	—	1,589,000
Reductions of long-term debt	1,928,000	703,000
Increase of investments in associated and other companies	759,000	—
	<u>\$17,179,000</u>	<u>\$27,729,000</u>

Inventories in the amount of \$9,630,000 at December 31, 1967 and \$7,731,000 at December 31, 1966 are stated at cost on the last-in, first-out basis, which is not in excess of market. The balance of the inventories is stated at the lower of cost or market (cost substantially on the first-in, first-out basis) and is classified as follows:

	December 31	
	1967	1966
Raw materials and supplies	\$ 6,680,000	\$ 6,052,000
Finished goods (including work in process, which is not significant)	10,614,000	10,665,000
	<u>\$17,294,000</u>	<u>\$16,717,000</u>

#### Property, Plant and Equipment

Capital expenditures during 1967 amounted to \$10,014,000. A comparative summary of property, plant and equipment follows:

	December 31	
	1967	1966
Land	\$ 4,222,000	\$ 3,948,000
Mineral rights leaseholds	8,987,000	8,961,000
Intangible development costs	2,714,000	2,222,000
Building and building improvements	19,270,000	17,873,000
Machinery, fixtures and equipment	75,564,000	70,012,000
Leasehold improvements and related equipment	174,000	132,000
Assets under construction	3,196,000	2,178,000
	<u>114,127,000</u>	<u>105,326,000</u>
Less: Accumulated depreciation, depletion and amortization	59,888,000	54,445,000
	<u>\$54,239,000</u>	<u>\$50,881,000</u>

Depreciation and amortization is provided principally on the straight-line method, based on the estimated useful lives of the depreciable assets and the terms of the related leases. Depletion is provided on a unit of production basis over the estimated recoverable oil reserves.





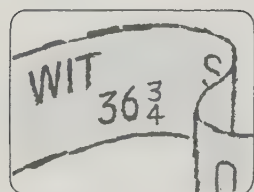


## Pension Plans

The Company has several pension plans covering substantially all of its employees. The Company's policy is to fund pension plans based on appropriate actuarial methods. Pension costs of \$843,000 expensed for the year were based on such actuarial methods and were adjusted to minimize variations due to actuarial gains and losses in conformity with newly prescribed accounting methods. This change had no material effect on net income for the year.

## General

The financial statements for 1966 (as reclassified) are shown for comparative purposes only. Reference should be made to the 1966 Annual Report for the Accountants' Report and notes pertaining to such financial statements.



### Witco's Stock Exchange Symbol

W I T is the New York Stock Exchange symbol for Witco common stock. It appears on the ticker tapes in thousands of brokerage offices throughout the country each time one hundred shares or more are traded. W I T Pr is the symbol for Witco's preferred stock.

The ticker tape keeps investors abreast of transactions on the trading floor in New York. When stock is traded, the tape records the transaction. For example, "W I T 36 $\frac{3}{4}$ ", indicates that 100 shares of Witco common stock were traded at \$36.75\* per share.

Trades of 200-900 shares are recorded with a digit preceding the price; for example, on a transaction involving 300 shares of Witco common, the ticker would read "W I T 3s 36 $\frac{3}{4}$ ". In transactions of one thousand or more shares, the actual figure is shown in full.

\* Closing price on February 15, 1968.

S. D. LEIDESDORF & CO.  
Certified Public Accountants  
New York, N. Y.

### Accountants' Report

To the Board of Directors  
Witco Chemical Company, Inc.  
New York, N. Y.

We have examined the consolidated balance sheet of Witco Chemical Company, Inc., and subsidiary companies as at December 31, 1967, and the related consolidated statements of income and retained earnings and the supplemental statement of source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously examined the financial statements as at December 31, 1966 and for the year then ended, on which we expressed an opinion similar to that expressed below.

In our opinion, subject to the effect, if any, of the matter discussed under "Investment in Argentine Company" on page 17, the accompanying consolidated balance sheet and consolidated statements of income and retained earnings present fairly the consolidated financial position of Witco Chemical Company, Inc., and subsidiary companies at December 31, 1967, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the statement of source and application of funds for the year ended December 31, 1967, shown on page 16, presents fairly the supplemental information shown therein.

S. D. LEIDESDORF & CO.

New York, N. Y.  
February 15, 1968



**Witco Chemical Company, Inc.  
and Subsidiary Companies**

**Comparative Consolidated Statement of Income**

For The Years Ended December 31, 1967 and 1966

	1967	1966
<b>NET SALES AND OTHER INCOME:</b>		
Net sales .....	\$200,341,000	\$195,898,000
Interest and dividends .....	717,000	918,000
Miscellaneous income (expense)—net .....	848,000	(168,000)
	<u>201,906,000</u>	<u>196,648,000</u>
<b>COSTS AND EXPENSES:</b>		
Cost of goods sold .....	157,918,000	152,774,000
Selling and administrative expenses .....	19,272,000	18,663,000
Depreciation, depletion and amortization .....	6,545,000	5,988,000
Interest .....	1,382,000	1,524,000
	<u>185,117,000</u>	<u>178,949,000</u>
<b>NET INCOME BEFORE FEDERAL AND FOREIGN INCOME TAXES .....</b>	<b>16,789,000</b>	<b>17,699,000</b>
<b>FEDERAL AND FOREIGN INCOME TAXES .....</b>	<b>7,269,000</b>	<b>8,422,000</b>
<b>NET INCOME .....</b>	<b>\$ 9,520,000</b>	<b>\$ 9,277,000</b>
<b>NET INCOME PER SHARE APPLICABLE TO COMMON STOCK .....</b>	<b>\$2.89</b>	<b>\$2.82</b>
<b>PRO FORMA NET INCOME PER SHARE APPLICABLE TO COMMON STOCK REFLECTING CONVERSION OF PREFERRED STOCK .....</b>	<b>\$2.69</b>	<b>\$2.62</b>

**Comparative Consolidated Statement of Retained Earnings**

For The Years Ended December 31, 1967 and 1966

Balance at beginning of year .....	\$ 56,110,000	\$ 51,381,000
Net income .....	9,520,000	9,277,000
	<u>65,630,000</u>	<u>60,658,000</u>
Dividends declared:		
\$2.65 Cumulative Convertible Preferred Stock .....	898,000	705,000
Common Stock .....	3,580,000	3,576,000
Adjustment on cancellation of 26,660 shares of Preferred Stock .....	1,237,000	—
Adjustments applicable to years prior to 1966 .....	—	267,000
	<u>5,715,000</u>	<u>4,548,000</u>
Balance at end of year .....	<u>\$ 59,915,000</u>	<u>\$ 56,110,000</u>

The financial review on pages 16 through 18 should be read in conjunction with the financial statements.



**Witco Chemical Company, Inc.  
and Subsidiary Companies**

**Comparative Consolidated Balance Sheets**

at December 31, 1967 and 1966

**Assets**

	<b>1967</b>	<b>1966</b>
<b>CURRENT ASSETS:</b>		
Cash .....	\$ 4,085,000	\$ 5,336,000
Municipal and other marketable securities—at amortized cost which approximates market .....	4,736,000	9,046,000
Accounts and notes receivable, less reserve of \$491,000 and \$479,000 .....	23,272,000	23,153,000
Inventories .....	26,924,000	24,448,000
Prepaid expenses .....	1,638,000	1,318,000
<b>TOTAL CURRENT ASSETS .....</b>	<b>60,655,000</b>	<b>63,301,000</b>
<b>INVESTMENTS IN ASSOCIATED AND OTHER COMPANIES—at cost, less reserve of \$1,010,000 and \$1,199,000 .....</b>	<b>9,408,000</b>	<b>8,649,000</b>
<b>PROPERTY, PLANT AND EQUIPMENT—at cost, less accumulated depreciation, depletion and amortization ..</b>	<b>54,239,000</b>	<b>50,881,000</b>
<b>PATENTS AND LICENSE AGREEMENTS—at amortized cost</b>	<b>2,019,000</b>	<b>2,303,000</b>
<b>INTANGIBLES APPLICABLE TO COMPANIES ACQUIRED ..</b>	<b>5,325,000</b>	<b>5,443,000</b>
<b>DEFERRED COSTS AND OTHER ASSETS .....</b>	<b>2,620,000</b>	<b>2,255,000</b>
	<b>\$134,266,000</b>	<b>\$132,832,000</b>

The financial review on pages 16 through 18 should be read in conjunction with the financial statements.



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## Liabilities

	1967	1966
CURRENT LIABILITIES:		
Notes and loans payable, including current portion of long-term debt .....	\$ 7,552,000	\$ 7,091,000
Accounts payable and other liabilities .....	19,661,000	19,001,000
Dividends payable .....	1,121,000	1,117,000
Reserve for Federal and foreign income taxes .....	1,718,000	5,192,000
TOTAL CURRENT LIABILITIES .....	<u>30,052,000</u>	<u>32,401,000</u>
OTHER LIABILITIES:		
Obligations under compensation agreements .....	300,000	302,000
Long-term debt .....	18,390,000	20,318,000
	<u>18,690,000</u>	<u>20,620,000</u>
TOTAL LIABILITIES .....	<u>48,742,000</u>	<u>53,021,000</u>
DEFERRED CREDITS .....	<u>6,161,000</u>	<u>5,716,000</u>
SHAREHOLDERS' EQUITY:		
\$2.65 Cumulative Convertible Preferred Stock, par value \$1 (minimum liquidating preference \$22,351,000 on outstanding shares):		
Authorized—395,355 shares		
Issued and outstanding at December 31, 1967—338,655 shares .....	339,000	365,000
Common Stock, par value \$5:		
Authorized—10,000,000 shares		
Issued and outstanding at December 31, 1967—2,987,122 shares .....	14,936,000	14,892,000
Capital Surplus .....	4,173,000	4,369,000
Retained Earnings .....	59,915,000	56,110,000
	<u>79,363,000</u>	<u>75,736,000</u>
Less: Treasury Stock—at cost .....	—	1,641,000
	<u>79,363,000</u>	<u>74,095,000</u>
Contingency—Argentine Investment		
	<u>\$134,266,000</u>	<u>\$132,832,000</u>



**Witco Chemical Company, Inc.  
and Subsidiary Companies**

**COMPARATIVE OPERATING AND FINANCIAL DATA** Years Ended December 31,

(All Amounts in Thousands of Dollars, Except Data in Shareholders Section)

	1967	1966	1965	1964
<b>Operating</b>				
Net sales .....	\$200,341	\$195,898	\$175,567	\$165,990
Other income—net .....	1,565	750	1,564	1,090
Total net sales and other income .....	201,906	196,648	177,131	167,080
Income before Federal and foreign taxes, depreciation, depletion and amortization .....	23,334	23,687	20,178	19,248
Depreciation, depletion and amortization .....	6,545	5,988	4,939	4,628
Federal and foreign taxes on income .....	7,269	8,422	7,055	7,166
Net income .....	9,520	9,277	8,184	7,454
As per cent of net sales .....	4.8%	4.7%	4.7%	4.5%
Dividends declared (a) .....	4,478	4,281	3,331	2,853
As per cent of net income .....	47.0%	46.1%	40.7%	38.3%

**Financial**

Cash, securities and receivables .....	32,093	37,535	41,139	39,898
Inventories .....	26,924	24,448	21,858	19,086
Total current assets .....	60,655	63,301	63,908	60,052
Total current liabilities .....	30,052	32,401	24,396	22,787
Working capital .....	30,603	30,900	39,512	37,265
Ratio of current assets to current liabilities .....	2.02 to 1	1.95 to 1	2.62 to 1	2.64 to 1
Property, plant and equipment expenditures .....	10,014	16,371	8,087	7,509
Property, plant and equipment—at cost .....	114,127	105,326	89,839	83,505
Reserves for depreciation, depletion and amortization .....	59,888	54,445	48,205	44,758
Property, plant and equipment—net .....	54,239	50,881	41,634	38,747
Long-term debt .....	18,390	20,318	19,314	16,029
Total shareholders' equity .....	79,363	74,095	70,891	65,991

**Shareholders**

Shares outstanding—at year end—Common .....	2,987,122	2,976,700	2,918,677	2,915,793
Shares outstanding—at year end—Preferred .....	338,655	338,695	395,355	395,355
Number of shareholders—at year end .....	6,350	5,990	3,863	3,449
Net income per common share after preferred dividend require- ments (b) .....	\$2.89	\$2.82	\$2.45	\$2.20
Dividends declared per share—Common .....	\$1.20	\$1.15	\$1.00	\$ .85
Dividends declared per share—Preferred (c) .....	\$2.65	\$2.06	—	—

(a) Includes dividends declared by pooled companies prior to acquisition.

(b) Based on the average number of shares outstanding during the year.

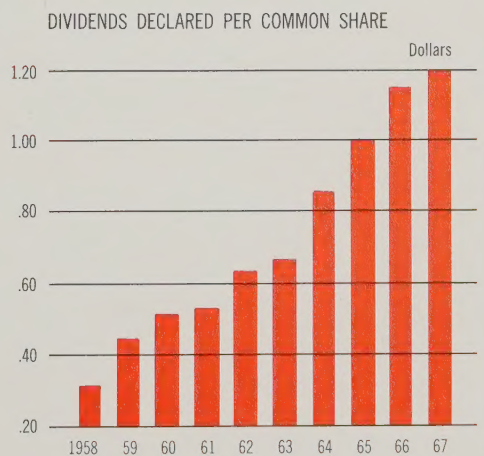
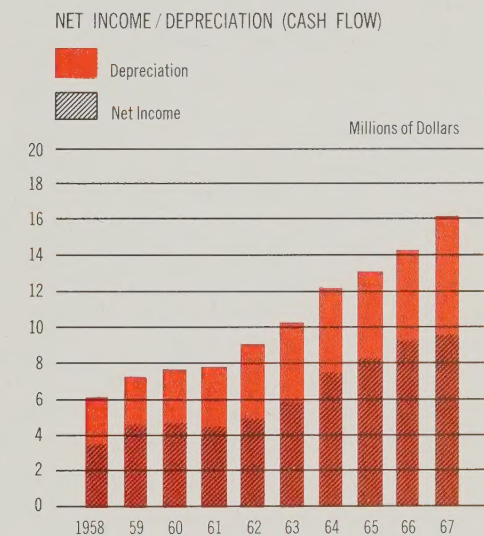
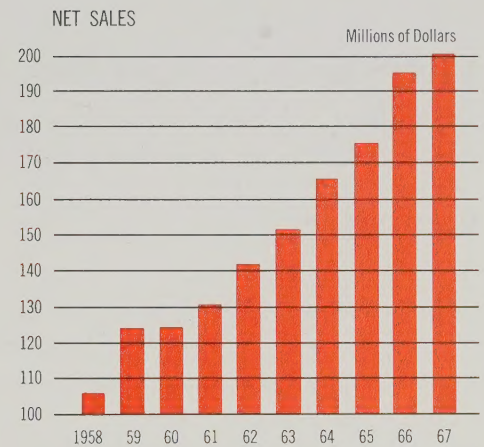
(c) \$2.65 Cumulative Convertible Preferred Stock issued March 21, 1966.



1963	1962	1961	1960	1959	1958
\$151,752	\$142,820	\$131,575	\$124,646	\$124,523	\$105,911
970	636	529	880	481	685
152,722	143,456	132,104	125,526	125,004	106,596
16,283	14,206	11,993	12,098	11,691	9,268
4,448	4,286	3,617	3,237	2,791	2,521
5,908	4,965	4,011	4,266	4,366	3,255
5,927	4,955	4,365	4,595	4,534	3,492
3.9%	3.5%	3.3%	3.7%	3.6%	3.3%
2,254	2,093	1,859	1,783	908	1,096
38.0%	42.2%	42.6%	38.8%	20.0%	31.4%

28,709	25,119	26,539	27,786	25,534	23,109
18,668	19,165	16,623	15,323	13,665	13,081
48,102	45,242	44,167	43,993	39,953	36,941
19,227	20,390	19,892	14,383	17,444	12,560
28,875	24,852	24,275	29,610	22,509	24,381
2.50 to 1	2.22 to 1	2.22 to 1	3.06 to 1	2.29 to 1	2.94 to 1
5,412	8,444	9,529	5,485	2,979	5,781
77,925	73,328	65,204	57,511	52,914	49,829
41,835	38,116	34,266	32,214	29,795	27,363
36,090	35,212	30,938	25,297	23,119	22,466
7,787	9,157	9,128	8,596	715	3,830
60,745	56,982	52,124	50,083	47,336	44,551

2,902,698	2,895,146	2,599,371	2,586,699	2,580,090	2,567,526
395,355	395,355	395,355	395,355	395,355	395,355
3,014	2,771	2,494	2,422	2,298	2,217
\$1.68	\$1.35	\$1.28	\$1.37	\$1.35	\$1.03
\$ .67	\$ .63	\$ .53	\$ .51	\$ .44	\$ .31
—	—	—	—	—	—





# Witco Chemical

## Directors

- \*WILLIAM WISHNICK, Chairman, Witco Chemical
- \*MAX A. MINNIG, President and Chief Executive Officer, Witco Chemical
- \*ROBERT I. WISHNICK, Chairman, Executive & Finance Committees, Witco Chemical
- \*HARCOURT AMORY, Consultant, Smith, Barney & Co., Inc.  
LESTER R. BACHNER, Attorney At Law, Member, Bachner, Tally & Mantell  
JACOB M. FELDMAN, Consultant  
J. BERTRAM FISHER, Vice President, Witco Chemical—General Manager, Kendall Div.  
STANLEY M. FREEMAN, Chairman, Electronic Arrays, Inc.  
STANLEY A. KAPLAN, Attorney At Law, Member, Gottlieb & Schwartz
- \*WILLIAM E. LEISTNER, Vice President, Witco Chemical—  
General Manager, Argus Chemical Corp.
- \*GUSTAVE L. LEVY, Partner, Goldman, Sachs & Co.  
ARTHUR W. RADFORD, Admiral, U.S. Navy (retired)
- \*HENRY SONNEBORN, III, Group Vice President, Witco Chemical  
RUDOLF G. SONNEBORN  
JOHN H. WISHNICK, President, Crowell Designs, Inc.

\* Member of Executive Committee

## Corporate Officers

WILLIAM WISHNICK, Chairman of the Board  
MAX A. MINNIG, President and Chief Executive Officer  
ROBERT I. WISHNICK, Chairman, Executive and Finance Committees  
WILLIAM J. ASHE, Financial Vice President and Treasurer  
GEORGE RUBINOVITZ, Secretary  
EARL L. HOGARD, JR., Controller  
HENRY SONNEBORN, III, Group Vice President  
WILLIAM WESTON, Group Vice President  
HARRY M. BRUBAKER, Vice President—General Manager, Rubber Chemicals Div.  
ROBERT L. FELDMAN, Vice President—General Manager, Golden Bear Division  
J. BERTRAM FISHER, Vice President—General Manager, Kendall Division  
CARLO GIRAUDI, Vice President—Research, Development and Engineering  
JEROME S. HARRISON, Vice President—Director of Group Marketing  
J. LAWSON KENNEDY, Vice President—General Manager, Sonneborn Division  
WILLIAM E. LEISTNER, Vice President—General Manager, Argus Chemical Corp.  
HENRY LEVKOFF, Vice President—Petroleum Supply and Distribution  
MICHEAL D. MACBURNIEY, Vice President—General Manager, Pioneer Division  
GEORGE W. MACFARLANE, Vice President—Labor Relations  
GEORGE F. POLZER, JR., Vice President—Purchasing, Distribution and Traffic  
RAYMOND D. SAUNDERS, Vice President—General Manager, International Division  
STANLEY C. TRIMBLE, Vice President—Administration  
LEONARD WOOD, Vice President—General Manager, Organics Division

### TRANSFER AGENT

Morgan Guaranty Trust Company of New York  
23 Wall Street, New York, New York 10015

### REGISTRAR

First National City Bank  
55 Wall Street, New York, New York 10015

### EXECUTIVE OFFICES

277 Park Avenue, New York, New York 10017



## Manufacturing Locations

UNITED STATES	FOREIGN
CALIFORNIA	ARGENTINA
Bakersfield*	San Lorenzo*
Los Angeles	AUSTRALIA
Lynwood	Sydney*
Oildale	BELGIUM
Richmond (2)	Lembeek (Halle)
Watson	Drogenbos*
ILLINOIS	BRAZIL
Chicago (2)	São Paulo*
Lawrenceville	CANADA—
INDIANA	ONTARIO
Hammond	Brantford
LOUISIANA	Guelph*
Gretna	Oakville
Taft	Toronto
Westlake*	ENGLAND
NEW JERSEY	Droitwich
Paterson	FRANCE
Perth Amboy	Bordeaux*
NEW MEXICO	Rouen
Eunice*	ITALY
NEW YORK	Milan*
Brooklyn	Trecâte*
OKLAHOMA	JAPAN
Ponca City*	Tokyo (2)*
PENNSYLVANIA	MEXICO
Bradford	Mexico City*
Franklin	NETHERLANDS
Petrolia	Rotterdam*
TEXAS	SPAIN
Dallas	Algeciras*
Marshall	Madrid*
Point Comfort	
Sunray*	

\* jointly owned facilities

## Research and Applications Laboratories

Akron, Ohio  
 Bakersfield, California  
 Bradford, Pennsylvania  
 Brooklyn, New York  
 Chicago, Illinois (2)  
 Franklin, Pennsylvania  
 Gretna, Louisiana  
 Los Angeles, California  
 Newark, New Jersey  
 Oakland, New Jersey  
 Paterson, New Jersey  
 Perth Amboy, New Jersey  
 Petrolia, Pennsylvania  
 Richmond, California  
 Brantford, Ontario, Canada  
 Lembeek (Halle), Belgium  
 Droitwich, England  
 Oakville, Ontario, Canada  
 Rouen, France

## Partial List of Witco's Products

Accelerator-activators, Activated carbon, Adsorbents, Aerosol emulsifiers, Agricultural emulsifiers, Amalie® motor oils and lubricating greases, Anionic surfactants, Anti-block agents, Anti-caking agents, Anti-dusting agents, Anti-foaming agents, Anti-oxidants, Anti-settling agents, Anti-static agents, Anti-sunchecking waxes

Bakery processing oils, Battery sealers, Bodying agents, Bowl wax, Building product specialties

Catalysts, Cationic surfactants, Caulking compounds, Circulating oil, Compressor lubricants, Concrete treatment agents, Conditioning agents, Corrosion preventives, Cosmetic chemicals, Coupling agents, Creosote oil, Curing compounds, Cutting oil additives, Cutting oil bases

Damp-proofing compounds, Degreasing compounds, Detergent chemicals, Diesel lubricants, Dispersing agents, Driers, Drilling mud components, Dry cleaning charge soaps, Dry cleaning detergents, Dry lubricants, Dust preventive/soil conditioner, Dust-proofing agents, Dye assistants

Elastomer resins—millable gums and prepolymers, Electrical component potting compounds, Electrical insulation, Emulsifiable solvent cleaners, Emulsifiers—aerosol, agricultural, cosmetic, food, industrial, plastic, pharmaceutical and rubber

Fertilizer emulsifiers, Flatting agents for coatings, Foam builders and stabilizers, Foam depressants, Food processing specialties, Fuel oil components, Fungicides

Gelling agents

Hydrotropes, Hair conditioners

Industrial detergents, Industrial emulsifiers, Insecticide emulsifiers, Institutional detergents

Kendall® motor oils and lubricating greases

Laminating adhesives, Laundry products and intermediates, Low-foam detergents, Lube oil additives, Lubricants

Mastics, Microcrystalline waxes, Mildew-proofing agents, Mold release agents, Motor oils, Motorcycle oils

Nonionic surfactants

Oils—automotive, compressor, extender, hydraulic, lubricating, marine, naphthenic, process, refrigerator and transmission, Ore flotation agents, Opacifiers

Paint and lacquer chemicals—driers, ex-

tenders, plasticizers, surfactants, carbon blacks, and metallic soaps, Paint and protective coatings, Paper processing agents, Paraffin waxes, Petrolatums, Petroleum solvents, Pharmaceutical ingredients, Phthalic anhydride, Pipe coatings, Pitches, Plastics chemicals—carbon blacks, catalyst carriers, lubricants, metallic stearates, release agents, plasticizers, resins, stabilizers, and white oils, Polymer stabilizers, Powder metallurgy lubricants, Protective coatings, PVC plasticizers

Rolling oils, Roofing compounds, Rubber chemicals—carbon black, internal lubricants, mold release agents, mineral rubber, plasticizers, stabilizers and surfactants, Rust preventives

Sealants, Siding compounds, Sludge dispersants, Smudge oil, Softeners, Solubilizers, Sound deadeners, Sound insulators, Surfactants—anionic, cationic, nonionic, household, industrial, paint, plastics, pharmaceuticals, and rubber, Suspending agents, Synergists

Tank coatings, Tar products, Technical oils, Thermal insulation, Thickening agents

Urethane elastomer chemicals—prepolymers, millable gums, and resins, Urethane foam chemicals—resins, catalysts, and couplers

Vapor sealers, Vibration insulators, Vinyl stabilizers, Viscosity modifiers

Waterproofing agents, Waxes, Wetting agents, White Mineral oils, Wood preservatives



# Witco Chemical

Company, Inc., 277 Park Ave., New York, N.Y. 10017

